

A PROCLAMATION
BY THE GOVERNOR OF THE STATE OF CALIFORNIA

WHEREAS, due to developments in the worldwide and national financial markets, and continuing weak performance in the California economy, it is estimated that there will be a General Fund revenue shortfall of at least \$11.2 billion for the 2008-09 fiscal year. Additionally, the weakening economy will increase the expenditures for health and social services beyond what is provided for in the Budget Act.; and

WHEREAS on November 6, 2008, due to concerns regarding dramatically declining revenues, I issued a Special Session Proclamation and convened the Legislature of the State of California to meet in extraordinary session to address the fiscal crisis that California faces; and

WHEREAS the Legislature failed during that Special Session to enact any bills to address the State's significant economic problems; and

WHEREAS immediate and comprehensive action is needed to address the revenue shortfall facing the State of California; and

WHEREAS within months the State will not be able to meet all of its expenses, outside of debt service, without immediate and comprehensive action; and

WHEREAS failure to substantially reduce the deficit carried forward from the current fiscal year into the next fiscal year will likely prevent the State from being able to finance the cashflow shortages of billions of dollars that will occur in July and August, thus making it likely that this fiscal year's deficit will cause the State to miss payroll and school payments at the beginning of 2009; and

WHEREAS, according to the Legislative Analyst, next fiscal year's budget will be even more out of balance than the current year budget and balancing the 2009/2010 budget will be immeasurably more difficult if actions to reduce spending trends and increase revenue trends are not put into place immediately,

NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER, Governor of the State of California, in accordance with Section 10(f) of Article IV of the Constitution of the State of California, HEREBY DETERMINE that General Fund revenues for Fiscal Year 2008-09 will decline substantially below the estimate of General Fund revenues upon which the 2008 Budget Act was based.

I, ARNOLD SCHWARZENEGGER, Governor of the State of California, HEREBY DECLARE that a fiscal emergency exists.

I, ARNOLD SCHWARZENEGGER, Governor of the State of California, HEREBY IDENTIFY THE NATURE OF THIS FISCAL EMERGENCY to be the projected budget imbalance and insufficient cash reserves for Fiscal Year 2008-09 and the projected insufficient cash reserves and potential budgetary and cash deficit in Fiscal Year 2009-10 which are anticipated to result from the dramatically lower than estimated General Fund revenues in Fiscal Year 2008-09.

FURTHER, on this day, as required by Section 10(f) of Article IV of the Constitution of the State of California, I will cause the Legislature to assemble in special session to address this fiscal emergency, and I will submit to the Legislature proposed legislation to address this fiscal emergency.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 1st day of December, 2008.

ARNOLD SCHWARZENEGGER
Governor of California

ATTEST:

DEBRA BOWEN
Secretary of State